IN THE SPECIFICATION

Please amend the paragraph on page 15, lines 11-21, as follows:

-- In Fig. 9, an embodiment of an encoder according to the present invention is illustrated. First, a linear prediction analysis is performed on the audio signal using a linear prediction analyzer 901 which results in the prediction coefficients ~~1, ..., K~~ $\alpha 1, \ldots, \alpha K$ and the residual r[n]. Next, the temporal envelope Er[n] of the residual, is determined in 903 and the output comprises the parameters pE. Both r[n] and the original audio signal x[n], together with pE, are input to the residual coder 905. The residual coder 905 is a modified sinusoidal coder. The sinusoids contained in the residual r[n] are coded while making use of x[n], resulting in the coded residual Cr. (Perceptual information, in the form of spectral and temporal masking effects and the perceptual relevance of sinusoids, is obtained from x[n].) Furthermore, pE is used to encode the sinusoidal amplitude parameters in a manner similar to the one described above. The audio signal x is then represented by $\alpha 1, \ldots, \alpha K$, pE and cr.--.